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MARCH 9, 1948

Town Meeting



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BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

BROADCAST BY STATIONS OF THE AMERICAN BROADCASTING CO.



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Is Our Free Enterprise System Threatened by European Socialism?

Moderator, GEORGE V. DENNY, JR.

Speakers

OWEN BREWSTER

OTTO E. KOEGEL

GEOFFREY CROWTHER

MAYNARD KRUEGER

(See also page 13)

COMING

—March 16, 1948—

**Which Way America — Fascism, Communism,
Socialism, or Democracy?**

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THE BROADCAST OF MARCH 16:

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GEORGE V. DENNY, JR., MODERATOR



MARCH 9, 1948

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Is Our Free Enterprise System Threatened by European Socialism?

Announcer:

Tonight we mark the 499th broadcast of "America's Town Meeting of the Air" which means that next week, on March 16th, we celebrate our 500th broadcast of this series which has become a national institution. It was on May 30th, 1935, that this famous series started with a discussion of the subject, "Which Way America — Fascism, Communism, Socialism, or Democracy?" On March 16th we repeat that program with two of the original speakers, Raymond Moley and Norman Thomas. The other two speakers appraising the threats of fascism and communism, respectively, will be Leon Birkhead, President of the Friends of Democracy, and Mr. Martin Ebon, author of *World Communism Today*.

For the first six years Town Meeting was broadcast only half a year each season. But by popular demand, Town Meeting went on a year-round basis in May, 1942,

and has continued on a year-round basis ever since. At that time we began the practice of originating approximately one-half of the programs on tour and one-half in Town Hall, New York, our aim being to make it truly "America's Town Meeting of the Air."

And now, to preside over our discussion, here is our moderator, the President of Town Hall, New York and founder of "America's Town Meeting of the Air," Mr. George V. Denny, Jr. Mr. Denny. (*Applause.*)

Moderator Denny:

Good evening, neighbors. Tonight's program will serve as an excellent background for our 500th broadcast to take place next week on the subject, "Which Way America — Fascism, Communism, Socialism, or Democracy?" Tonight we are concerned chiefly with the consideration of the possibility that the growth of European socialism, including Great Britain,

may be a threat to our free enterprise system. This is a question which concerns a great many people who are thinking about the Marshall Plan.

We are not concerned tonight with communism except indirectly, since the socialist parties in most countries are among the bitterest foes of the communists.

Now since all of our speakers tonight are political experts in the matter of definitions, and since all of you listeners have your own definitions of free enterprise and socialism, I'll not try to inject my own, but let them be revealed as the discussion proceeds.

We have the distinguished Republican Senator from the State of Maine, an eminent New York attorney, a celebrated English journalist—who, incidentally, is not a Socialist—and one of the foremost leaders of the Socialist party in America, who was eight years ago his party's candidate for vice-president of the United States.

May we hear first from the Senator from Maine, former Governor of the state, and now a member of the Senate Finance Committee and Interstate Foreign Commerce Committee, Senator Brewster of Maine. (*Applause.*)

Senator Brewster:

Mr. Moderator, and fellow citizens. When Professor Harold J. Laski, then head of the British Labor Party, characterized the American economic system as mori-

bund and added that the sooner it was discarded the better it would be for America and for the world, one did not know whether to be amused by his assurance, or amazed at his ingratitude.

Here in America was an economic system of free enterprise which in the Professor's own lifetime, in two world crises, had been able to supply the indispensable productive capacity to enable the Allied powers to win two world wars.

Here in America, today, the average American produces and consumes twice as much as the average Englishman under his semi-socialized system and four times as much as the average Russian under his completely totalitarian economy.

My English friend here and my academic colleague from Chicago may say, "Well, if that is true, why worry? Surely the average American can be trusted to look at the teeth, and perhaps even the insides, of this Trojan horse of European socialism that is knocking at our gates"—if I may mix metaphors.

I agree, if we can take this somewhat hoary nag out from under his wraps and really look at his spavins and his hoofs. That I take it is the purpose of this discussion.

Europe is suffering from an economic anemia resulting from the tragic loss of red corpuscles incident to the war. Semi-socialized solutions of their economic pro-

lems are most natural, but must not be permitted to divert America from the true faith in free enterprise which in the last century has made America the productive marvel of all the earth and, unfortunately, the envy of all the earth as well.

Every American is anxious to feed the hungry. Most Americans are most happy to help in rehabilitating the economy of Europe because it will help America, and, because it will help toward a peaceful world.

Let us be very sure, however, that American resources originating in free enterprise are not used to establish a socialist economy in all Europe and at the same time create so great a strain on our system of free enterprise as to occasion its collapse, and then be told by Professor Laski that "Papa was right."

Socialism as a solution for our economic ills, if I may once again go to the stables, is like the Yankee who put green goggles on his horse to persuade him to eat the sawdust, and ended up with a dead horse. Lest I be charged with prejudice, let me portray the danger from a late publication of the London *Economist* of which our distinguished visitor this evening is the editor. The remainder of my speech is quoted from that journal.

"Britain faces bankruptcy. In the past two years they have as a community overspent their incomes to the extent of 4 billion

dollars and the rate of overspending was almost twice as large in 1947 as in the preceding year.

"Can Britain afford 800 million dollars for government expenditures overseas or to feed a million mouths in the services in return for no productive work?

"It is easy to make a case for keeping 2,000,000 government servants, but if 500,000 were returned to industry would the gain in output not ease the burden of controls? No one will criticize the government for wishing to build better schools, new hospitals, more and better houses. But it is not usual to add a bathroom to the house just as the receivers walk in. This statement will no doubt be contested. Why speak of 'Britain's only assets' when there is every chance that by mid-summer the Marshall Plan will have been passed by Congress and assistance will be assured for the next eighteen months, at the least?

"Even Sir Stafford Cripps has said this very day that the only hope lies in American assistance to give Britain the necessary time to bring about the restoration of normal conditions.

"But," says Mr. Crowther, "herein lies precisely the danger. Continual borrowing can have the same effect as continual drinking. The borrower's, like the drunkard's, sense of reality tends to fade. Britain has already had the American loan, the Canadian loan, and the South African loan. All have

been necessary, but all have helped to mask from government and people alike the country's true economic straits.

"A standard of living has been maintained, reserves have been eaten up, expenditures undertaken on a scale which is quite out of accord with Britain's real economic position. And what guarantee is there that the Marshall Plan may not be used in the same way?

"The only proper, the only long-sighted, the only courageous course would be for Britain to pursue now the policy it would pursue if the Marshall Plan were reduced to a half or a third, and to use the surplus thus created to build reserves, modernize industry, develop economic integration, and undertake now the program of hard living and hard working in which, in the long run, salvation alone will lie."

Those seem to me sound sentiments from the London *Economist*.
(*Applause.*)

Moderator Denny:

Thank you, Senator Brewster. Well, it looks like Mr. Crowther's going to have more than his share of time tonight if we add what Senator Brewster quoted.

We have here at Town Hall a very important lecture foundation known as the Jonathan Peterson Foundation, its purpose being to promote a better understanding among the English-speaking peoples. Tomorrow morning, Mr.

Crowther will deliver the Peterson lecture here in Town Hall. Tonight, we hope that he will help us understand the socialist experiment in England and respond to the remarks made by Senator Brewster including the quote from himself. We are happy to welcome to Town Hall, Mr. Geoffrey Crowther, editor of *The Economist* of London. Mr. Crowther.
(*Applause.*)

Mr. Crowther:

It would be a very great privilege in any circumstances to follow so distinguished a statesman as Senator Brewster. It's a particular privilege when he has paid me the compliment of quoting at such length, and I must say I thought with such force, from my journal. I don't want to appear greedy, but I can wish that he had paid me the supreme compliment of quoting something from *The Economist* that would be relevant to the issue we are here to discuss tonight.
(*Applause.*)

For what was the point that was established by that extract that I read with such eloquence? It was that Britain is in a very poor way but gracious, there is no dispute about that. I could spend all the next five minutes and much more explaining to you in great detail just what a poor way we are in.

But why does the Senator think that that is due to socialist policies? It's true that we have a socialist government, but to say that

because we have a socialist government everything that happens in England is due to socialism is one of the most elementary logical fallacies.

After all, the great depression in America in 1929 had followed on twelve years of Republican government and I doubt whether the Senator would wish me to say that that was a consequence. (*Applause.*)

The truth is that, at the moment, every country in the world save only the United States itself is suffering from the same thing, and that is a shortage of dollars—what the Senator, with his eloquence, calls economic anemia resulting from the tragic loss of red corpuscles incident to the war. That was in the part of his speech that was not quoted from *The Economist*.

Now it would be an astonishing coincidence if every country in the world, save only the United States, had committed exactly the same errors and got into exactly the same mess. I think that the trouble in Western Europe today has very little, if any connection at all, with the fact that we have socialist governments. After all, if it is due to socialism, you have to explain the fact that Canada, one of the most un-socialist countries in the world is suffering from the same difficulty.

But even if it were due to socialism, how is that connected with the subject for debate tonight,

which is not whether socialism is a good thing or a bad thing? If that were the subject, I might well be on the Senator's side. I'm no Socialist.

The question is, "Is Socialism in Europe a Danger to Private Enterprise in America?" And that was a point to which, though I listened with great attention, I did not find that the Senator addressed himself.

That is the question, and if a contrast is going to be drawn between European socialism and free enterprise in Europe there's another thing that I want to say. I want to suggest that the Senator is not only suffering from the delusion that what has happened to us in Europe is due to socialism, but from the further delusion that there is a sharp contrast between something called socialism in Europe and something called private enterprise in America.

Perhaps you think that enterprise in America is free from government control. If you do think that, let me assure you that it is not so. It just so happens that I am a director of a big British insurance company which does business in almost every country of the world. Of all the countries where we do business, the one where we are most tightly controlled by the Government is the United States, and the one where we are least tightly controlled is Great Britain.

Banking is another example of an industry that is very closely in-

spected and controlled in America but is substantially free in England. The securities business is another. We, in England, have nothing in the least comparable to your antitrust laws with all the interference that they involve in the freedom of business to do what it thinks best.

Now, I'm not saying that it is wrong to control these industries. It may be quite right. I'm only pointing out that you are laboring under a delusion if you suppose that there is a very sharp contrast between freedom for private enterprise in America and socialist control in Europe. It's all a question of degree.

In every modern democratic economy there is a mixture between the twin principles of government control of business and free private enterprise.

The question at issue tonight is not whether our mixture in England is right and yours in America is wrong. The question is, "Is it a danger to the American system that we differ from you in England on this."

How can European socialism possibly hurt American free enterprise? I don't understand whether the accusation is that socialism is too efficient or too inefficient. Is the accusation that it is so efficient that it is going to compete American private enterprise off the face of the earth? Surely not. And if the accusation is that European socialism is inefficient how does

that hurt American free enterprise in America?

Why is American free enterprise so unwilling to face the competitive challenge if it believes that socialism is inefficient? Not only do I believe that the Senator is suffering from a delusion on this subject, but I want to suggest to you that the question that has been raised is a dangerous one. Not only is the bogey false, it is also misleading.

Let me make it clear once again. I am not arguing either for or against socialism in Europe. I am arguing that socialism in Europe is a European concern about which the American people really ought not to get themselves excited.

Indeed, this anxiety about European socialism does positive harm, because it distracts attention from the really important factors which is that on the great issue of the world today, which is freedom for the free man—which is democratic principles, which is the rule of law, which is government by agreement—that in all of the great issues, the social democracies of Western Europe are now in the front line of defense. They bear the brunt—they bear the brunt of the communist attack. So long as they are standing up for the principles of freedom and democracy, it is very nearly as irrelevant to criticize their views on industrial management, as it is to quarrel with the color of their hair. (*plause.*)

Moderator Denny:

Thank you, Mr. Crowther. Well, we are not going to be like the judge who said he always listened to but one side of the case, because it confused him to hear the other. We are certainly going to hear more of both sides now, and on Senator's Brewster's side of this argument tonight, his position is upheld by a busy New York lawyer, who is also said to be one of the biggest farmers of Westchester County and is president of the Westchester County Farm Bureau. If we had television, we'd show you his hands. In addition, he is chief counsel for the 20th Century-Fox Film Corporation and serves on the Board of Directors of numerous corporations. We are glad to welcome you, Mr. Otto E. Koegel, for your first appearance on Town Meeting of the Air. Mr. Koegel. (*Applause.*)

Mr. Koegel:

Free enterprise is like defining democracy — we know one when we see one. There is some controlled economy in our system, and we have a fair idea of where lines should be drawn between the free and the controlled parts.

European socialism is very different from what we have here. It is a vastly greater concentration of power in government than we have or want here.

It means ownership, control, and operation by government of most basic industries, including produc-

tion and distribution. Socialists would change our kind of government to attain their objectives.

The question is whether our free enterprise system is threatened by European socialism, and is not even by implication whether we could not survive European socialism.

I believe that socialization of the means of production of industry swings any country away from democratic principles. By nationalizing the pulp industry and the supply of paper, there is the power to restrict freedom of the press; in the case of communications, the radio; the chemical industry, the films. A few bureaucrats in control of these country-wide industries is all that is necessary to put the Communists in control before they commence their real attack.

In Czechoslovakia those things were under state control, and the transition was rendered easier. It was the struggle for power within the Socialist party that precipitated the capitulation of Czechoslovakia.

The real point, as I see it, is whether more European socialism will tend to bring an ever-widening area within the communist orbit, and subject to its gravitational pull. If that is admitted, recent events answer the rest of the question for us.

We all know what has just happened to Czechoslovakia. Herbert Morrison said "The events are so sadly like those of the Munich days; so horribly similar to the Hitler technique."

The Moscow radio is piously assuring the world of its good intentions, while its iron curtain is poised to drop on more European democracies if they should be caught backstage.

Russia defines herself as complete socialism. American and European socialists do not agree with that. Mr. Crowther says that he suspects that we believe that because Communists and Socialists share a theoretical attachment to the doctrines of Karl Marx, they are birds of a feather. What we actually say is that communism is the violent socialistic bird that has fully feathered; that the Communists take Karl Marx at his word, and force complete socialization in exchange for the freedom of men and the promise of security and peace.

They will give you peace—and eternal rest—if you disagree.

The nonviolent Socialists still advocate ultimate control of all production and distribution in industry. They may be little birds of a feather who have not yet wings or talons, but in the course of time, they may have them. Therein is where the threat lies to our free enterprise system.

If Britain continues on the march of socialized production and distribution, who can say that a man like Aneurin Bevan may not lead a government? It would be a gross understatement to say that that would threaten the remaining

free enterprise in Britain, and it certainly would threaten ours.

Britain, of all countries, is where the brakes should be put on in the way of further nationalization. There will be more, and still more—that is the way of socialism and bureaucracy.

Almost every communist leader was at one time a Socialist, even in name. I think Mr. Crowther and I are not so very far apart as to the portions of our economy where the social motives should be paramount and where the profit motive should have its head.

A famous phrase maker is Mr. Crowther. We are told that even the great Winston borrowed from him the phrase, "The soft underbelly of Europe." I should like to enlarge upon that phrase.

If the muscles of free enterprise are taken out of the soft underbelly of Europe, it will become softer, and still softer, until it will become the soap with which more free nations will be washed from the map of Europe. Now would I like to see removed much of the sinews of free enterprise as the labor government contemplates, of John Bull. I like him as he is.

We are in a cold war. It may stay in the deep freeze for years. During that period, I believe even a highly centralized bureaucratic government of Europe will be of great concern to us. They just add to our vernacular, easier meat for the Communists.

I believe that our free enterprise system is threatened. Former Secretary of State Stimson says that the Soviet policy aims to help *all* non-Communist systems die; that we must go to new levels of peacetime production, and to do this, we must, all of us, avoid the pitfalls of laziness, fear, and irresponsibility.

I think free enterprise offers a better assurance of lack of laziness, and more production, and freedom. (*Applause.*)

Moderator Denny:

Thank you, Mr. Koegel. Our next speaker is one of the ablest spokesmen for socialism in America, and that's saying a great deal, when we consider that Norman Thomas, who will be on our program next week, is its chief spokesman. Mr. Krueger is a member of the economics faculty at the University of Chicago. He has been a teacher ever since his graduation from college and his extensive studies of political science and economics abroad. Well, now, Mr. Krueger, you've spoken for us on Town Meeting before, and we're glad to have you back. What do you say about this discussion, so far? Maynard Krueger of the University of Chicago. (*Applause.*)

Mr. Krueger:

The American system of free enterprise is as uncertain and as insecure as Mr. Koegel suggests, but it is not by European socialism that it is threatened. Why this

widespread movement toward socialism in Europe? Is it just the cussedness of foreigners, Senator Brewster? I presume not, since you quote from them so extensively.

Is it because Europeans haven't read the classics of free enterprise? They were almost all written by Europeans.

Is it because the virtues of capitalism aren't understood in England, where capitalism was raised from a pup?

Capitalism is dead or dying in Western Europe because it developed such gross inequalities as democratic peoples will not tolerate. It gave them such depressions as they will never forgive.

Private enterprise developed an embalmer's view of property rights. In their view of property rights, the owners of industry swiped the slogan of the morticians, "Keep them the way they are." In the wake of the war, live people refuse to entrust their economic future entirely to those who take the mortician's view.

In America, perhaps we can still afford yet awhile to argue the theory of private and public enterprise, but in Western Europe the production problem is so pressing that they've got to be practical. Private enterprise can't any longer get coal out of the ground. A nationalized coal industry can, though not without good planning and very hard work.

Now it is fortunate for us that

in the European countries there is a socialist movement devoted to the proposition that socialized industry shall be run democratically with personal and political freedom rigorously maintained.

If it weren't for the democratic socialists of Europe, this movement to substitute planned economy for free enterprise would in many places be under fascist domination, as it was in Germany and Italy, or under communist domination as it is in Eastern Europe.

The Socialists of Europe are the main organized force which offers hope that Europe need not all go communist. The Communists know this even if some American Senators don't.

Mr. Crowther is dead right in insisting that socialism and communism are mortal enemies. The French Communists fight no one as hard as they fight the French Socialists. The German Communists know that before they could take Germany they would have to defeat and liquidate the German Socialists. The Socialists are determined democrats just as the Communists are determined totalitarians.

Now before the Communists could take over in Poland and Czechoslovakia, they had to liquidate the socialist movement by police measures. The Communists in Italy are now engaged in first infiltrating and then splitting the socialist movement. That maneuver is being fought by those Italian

Socialists who, under the leadership of Saragat and Matteotti, are supported by the socialist movements of Western European countries.

It's no help to the Socialists who resist this infiltration and splitting tactics of the Communists to hear the voices of the Brewsters and the Koegels from America saying, "It's no use resisting the Communists, boys. From where we sit, you all look alike."

Now just how do the Socialists of Europe threaten free enterprise in America? Just how do you listening in your home tonight feel threatened by socialism in Europe?

Do you feel threatened by danger of war? You do, but the threat comes from communistic expansion and from the power-mad arms race between the U. S. and the U.S.S.R. No threat of war comes from the Socialists of Europe.

Do you feel that your job is threatened, or the value of your insurance policy, or your one share of stock in A. T. & T? I should think you would. But this threat comes from the depressions of our own private enterprise system. C depressions don't come out of socialism in Europe. They are home grown.

Do you feel threatened by the rising cost of living? You do. Is it because the people of Britain put their steel industry under public ownership that the price

steel in the U.S. rises? Our inflation, like our depression, should be labeled, "Made in America." (*Applause.*)

Now when a person has a bad conscience about something there's a strong desire to place the blame on someone else. The conservative private enterprise boys now have

a bad conscience. They talk competition and they act monopoly. They have not prevented inflation. (*Applause.*) They know that the current boom must end in a big bust.

These are things that threaten free enterprise in America. These threats may soon produce a mass

THE SPEAKERS' COLUMN

OTTO ERWIN KOEGEL — Mr. Koegel, a New York Lawyer, is chief counsel for Twentieth Century-Fox Film Corporation. Born in Boonville, Indiana in 1891, he received his LL.B. and LL.M. from National University Law School and his D.C.L. from American University. Since 1916 he has engaged in the practice of law in Washington, D.C., Chicago, and in New York. In New York City, he is a member of the law firm of Dwight, Harris, Koegel, and Caskey.

From 1918 to 1923, Mr. Koegel was associate counsel for the Bureau of War Risk Insurance in the Treasury Department. He served for a year as assistant general counsel in the U.S. Veterans' Bureau and another year as Assistant Attorney General for the District of Columbia. From 1920 to 1924, he was also professor of law at National University. Mr. Koegel has been a director and counsel for several corporations associated with motion pictures and insurance. He has been active in civic affairs, and is the author of articles in legal journals.

MAYNARD C. KRUEGER — Mr. Krueger, who is now associate professor of economics at the University of Chicago, received both his bachelor's and master's degrees at the University of Missouri. For a time he was instructor in history at Albion College. He spent three years in Europe studying at the universities of Paris, Berlin, and Geneva. From 1928 until 1932, when he joined the faculty of the University of Chicago, he taught in the School of Finance and Commerce at the University of Pennsylvania. Mr. Krueger is also interested in national and international politics. In 1940, he ran as vice-presidential candidate on the Socialist ticket. He is a member of the National Executive Committee of the Socialist Party of the United States.

RALPH OWEN BREWSTER — Republican Senator from Maine, Owen Brewster was born in Dexter, Maine, in 1888. He received an A.B. degree from Bowdoin

College, an LL.B. degree from Harvard, and LL.D. degrees from the University of Maine and from Bowdoin. He has been a member of the Maine House of Representatives (1917-19; 1921-23) and the Maine Senate (1923-25), and was Governor of Maine for two terms (1925-29). As a Republican Representative from Maine, he served in the 74th to 76th United States Congresses (1935-41). He has been a Senator since 1941 and is a member of the Senate Finance Committee and Interstate and Foreign Commerce Committee.

During World War I, Senator Brewster was a member of the Maine National Guard, advancing to captain and regimental adjutant. He entered the Officers' Training School at Camp Zachary Taylor, and continued there until after the Armistice was signed.

In 1943, he was a member of the committee of five Senators, making a global flight representing the Truman Committee to investigate the war program.

GEOFFREY CROWTHER — Mr. Crowther, editor of the London *Economist*, is also the author of *An Introduction to the Study of Prices* (with Sir W. T. Layton), *Ways and Means, Economics for Democrats, Ways and Means of War*, and *An Outline of Money*.

Born in May, 1907, Mr. Crowther attended Leeds Grammar School; Oundle School; Clare College, Cambridge; Yale University; and Columbia University. He has engaged in investment banking in New York and London, and has been special adviser to the Irish Banks Standing Committee. He was an editorial assistant on the *News Chronicle* from 1936 to 1938. He joined the staff of the *Economist* in 1932, advanced to assistant editor in 1935, and became editor in 1938.

During the war, Mr. Crowther served in the Ministry of Supply; in the Ministry of Information, and as Deputy Head of the Joint War Production Staff, in the Ministry of Production.

political movement in this country corresponding to the Socialists of Europe. Such a movement will be opposed by both American conservatives and American Communists.

But it's foolish for American capitalism to try to blame its shortcomings on socialism in Europe. If free enterprise in America feels threatened, let's look for the reasons closer to home. (*Applause.*)

Moderator Denny:

Thank you, Mr. Krueger. Yes, you'd better stay right up here, sir, and I'll invite the others to join us around the microphone here for a brief discussion before we get the questions from the audience. Senator Brewster, we haven't heard from you for awhile. Will you come around here and start shooting?

Senator Brewster: Well, Mr. Moderator, I feel a little like Alice in Wonderland when I hear the discussion of this situation. As I understood, free enterprise in America was under challenge from European socialism. Now I understood Mr. Crowther and Mr. Koegel to say that they weren't to blame. I have been in Congress for some years. I have voted since the war 22 billion dollars to help out European Socialists and socialism. I am now considering the authorization of 17 billion dollars more from the free enterprise of America to help the tottering so-

cialist governments of Europe. That is why I think they are problem. (*Applause.*)

Mr. Crowther: Senator, may I presume to correct you. You have with great generosity, for which we in Europe are most grateful, voted very large sums of money to save the European nations, not to save European tottering socialist governments.

The essential thing is that the governments of Western Europe — not all of which are socialist, some of which are capitalist and some of which are socialist — and the peoples of Western Europe, which are by no means all socialist, now stand as the chief bulwark in the front line between the oncoming forces of communist totalitarianism and the American free enterprise system.

How in those circumstances anybody in their senses can say that these defenders of America's free enterprise are a threat to it passes my understanding.

Senator Brewster: Well, because we are compelled to underwrite the success of these governments which, according to your own indictment in your article and according to Winston Churchill's speech which I hold in my hand, have so ineffectively administered the billions we have advanced. (*Applause.*)

Mr. Denny: Thank you, Senator Brewster. Now, Mr. Krueger.

Mr. Krueger: It's perfectly true that the European nations are no

drawing on the United States for an excess of exports over imports. I'd like to remind the Senator, however, that from the time the first colonists came to American shores — that was before the Daughters of the American Revolution was founded (*laughter*)—

Mr. Denny: Let's see. You said "colonists," not "columnists."

Mr. Krueger: That's right, I did. Columnists we still have with us. (*Laughter.*) The United States had an unfavorable balance of trade and drew on capital loans from Europe every year, without exception, until the year 1875. If European countries draw on the United States for a little capital now for a while, I don't think that's much of a balance. (*Applause and shouts.*)

Senator Brewster: May I reply to Mr. Krueger that the United States of America paid back every dollar we borrowed. (*Applause.*) Except—there is one exception—we did not pay back the money England advanced to the Confederate States of America to destroy our union. (*Applause.*)

Mr. Denny: Now, Mr. Koegel, we haven't heard from you for awhile.

Mr. Koegel: I should like to ask Mr. Crowther about a statement he made in *Foreign Affairs* in January of 1944, in which he says that if, more than a fraction—and by fraction I take it he means a rather insignificant amount or a percentage—of the electorate come to de-

pend for their livelihood upon the temporary masters of the mechanism of the state—that is, upon the politicians—he says, "then democracy is at an end." Do you still hold that view?

Mr. Crowther: Mr. Koegel keeps thinking he is in another meeting. He keeps arguing whether or not socialism is a bad thing. I agree I've always said and I hold now that too much socialism is a bad thing. The point we're discussing tonight—let me remind you—is whether European socialism threatens American free enterprise, and on that I haven't heard any argument from Mr. Koegel yet. (*Applause.*)

Mr. Koegel: But, Mr. Crowther, if I read you aright, you say if we have more than a fraction of it, anywhere, that democracy comes to an end. My whole thesis is if democracy comes to an end because of more than a fraction of socialism in Europe, then democracy ending in Europe is very bad for Europe, very bad for Britain, very bad for us. (*Applause.*)

Mr. Crowther: Now we're getting a bit closer to it. Let me assure Mr. Koegel that we haven't got more than quite a small fraction of socialism in Europe yet. I think he can leave it to the good sense of the British people, backed by the views expressed, let me remind you again, in conditions of complete democracy and free speech by Mr. Winston Churchill and the conservatives, he can rely

upon it that the fraction does not get so large as to endanger democracy.

May I take this opportunity of just making one point in reply to Senator Brewster. That is that again his favorite point that socialism is responsible for the ruination in western Europe, or some such phrase that he used, the payoff is in the facts. We have only one industry in England that has been nationalized for more than a few weeks. That is the coal industry which has now been socialized for all of 14 months, and that happens to be the one industry in which over that 14 months there is a very decided improvement. (*Applause.*)

Senator Brewster: Well, since he quoted Mr. Churchill, I'd like to quote him. The only thing we can deal with is this socialist government. This is what Mr. Churchill says: "Owing to the follies and indecision of the socialist government, a great part of the loan has been spent—not on the re-equipment of our industries, nor upon the imported basic food stuffs. Instead, much has been frittered away in American films and tobacco, and in large quantities of foods and fruits which, however desirable as indulgences, were not indispensable to our active recovery. When you borrow money from another country for the sacred purpose of national rehabilitation, it is wrong to squander it upon indulgences. The socialist

government exhausted what energies they had, and consumed their time and thought, in carrying out their party fads; in choking the House of Commons with partisan legislation; in disturbing, discouraging, and even paralyzing business enterprise by nationalization schemes of no productive value but which cast their threatening shadows and interferences far and wide over the whole field of British industry." I quote you, Mr. Churchill. (*Applause.*)

Mr. Denny: Thank you, Senator Brewster. Now all three of the other speakers want to speak to that. I'd better get Mr. Krueger here though. Mr. Krueger.

Mr. Krueger: I think, Mr. Denny, this audience, this radio audience, particularly who can't see what's going on here, is entitled to get these gentlemen to face up to a little more of the question of just how socialism in Europe threatens free enterprise in America. Is it that the nationalization of an industry in England threatens the property values of American investors? Is it that it threatens the export possibilities of American exporters? Or is there, perhaps, some fear that some demonstration of superiority of socialism in Europe, in meeting the basic needs of the people, might, perhaps, threaten the solid place which free enterprise now holds in the hearts of the American people? I'd like to get this a little straighter. (*Applause.*)

Mr. Denny: Mr. Krueger, thank you very much for those questions, and we'll carry on first of all with the answers of the speakers to those questions, and I hope our audience will keep them in mind. And now while we get ready for our question period, I'm sure that you, our listeners will be interested in the following message.

Announcer: You are listening to "America's Town Meeting of the Air" originating in Town Hall, New York, where we're discussing the question, "Is Our Free Enterprise System Threatened by Eu-

ropean Socialism?" We are about to take questions from our representative Town Hall audience. If you would like a copy of tonight's broadcast, complete with the questions and answers to follow, send for the *Town Meeting Bulletin*, enclosing ten cents to cover the cost of printing and mailing. If you would like to subscribe to the Bulletin for six months, send \$2.35; for a year, send \$4.50. Just address Town Hall, New York 18, New York, and allow at least two weeks for delivery. Now, we return you to Mr. Denny.

QUESTIONS, PLEASE!

Mr. Denny: Before we continue our discussion, I have an important news bulletin for you in which Senator Brewster and a number of other members of his party will be interested. In the New Hampshire Republican primary, Governor Thomas E. Dewey of New York is leading Harold E. Stassen in the first 21 precincts reporting, but 277 are still to be heard from. This bulletin came to you from the ABC newsroom in New York.

Now, gentlemen, will you come back up here around the microphone and let's answer those questions that Mr. Krueger put to you. Mr. Koegel, let's start with you and then we'll take some from the audience.

Mr. Koegel: First, I should like to express my thanks to Mr.

Crowther for his reassurance, by way of prophecy, of what the British Government is likely to do in the way of further socialization. But as a prophet, I think he is somewhat minimized by the statement he made in August, 1944, in the *New York Times* that "if we are to judge not by the wild talk of 20 years ago, but by the record and by the present intentions, there never was quite such unaggressive unexpanding political doctrine as communism. I say collectivism," says he, "and private enterprise must lie down together."

So I don't think his prophecy must be taken without any discount at all.

Mr. Denny: Thank you. Mr. Crowther, do you care to comment now?

Mr. Crowther: Well, only that Mr. Koegel is still talking about communism. I'm talking about socialism. Believe me, I have to stop twice to think whether Senator Brewster is a Republican or a Democrat, so difficult do I find it to remember which is which. If he thinks that's foolish, I can assure you the differences between Socialists and Communists are at least ten times as great as they are between Republicans and Democrats.

The question we're discussing tonight is whether European socialism, as practiced by the social democratic parties of England, France, Holland, Belgium, Norway, and the rest of them, is a threat to private enterprise. The argument so far, it seems to me, is that they are not.

Mr. Denny: Thank you. Senator Brewster?

Senator Brewster: Well, as far as I am concerned, I have confined myself to European socialism of the brand presented here by Mr. Crowther. My fear is that the free enterprise system of America, to which you all contribute to the extent of forty billion dollars a year right now, will not be able indefinitely to pour out five to ten billion dollars a year to support the socialist governments of Europe. If we shouldn't be able to do that, then I am very much concerned as to what would happen. So I want European socialism to demonstrate its capacity to match

our free enterprise, and, meanwhile, I want them to move away from the necessity of our support. That is why I feel it is a threat. (*Applause.*)

Mr. Denny: Thank you. Now let's go on with the question period. Here are gentlemen in the aisles with the portable microphones. Members of the audience are holding up number cards indicating the speaker to whom their question is directed. There is a gentleman over there on the aisle with a question for Mr. Crowther.

Man: Would you, Mr. Crowther, as a financial expert, advise our continuing to loan money to a country which defaulted on previous loans, whose socialistic program is heading toward bankruptcy, and, contrary to our private enterprise system?

Mr. Crowther: That seems to be what is known as a leading question. (*Laughter.*) To begin with I am not a financial expert.

Secondly, the question, insofar as I understand its meaning, is one of domestic American politics, that it would be very rash of me to make any comment upon. The only point I will make is this. If you think it is wise to lend money to England, lend money to England. If you think it's unwise to lend money to England, don't lend money to England. (*Applause.*) The fact that we have at the moment a socialist government in my opinion wholly irrelevant. (*Applause.*)

Mr. Denny: Thank you. The gentleman over here with a question for Mr. Koegel.

Man: Mr. Crowther.

Mr. Denny: Oh, Mr. Crowther. I am sorry the cards got mixed up, or I can't read them properly. Go ahead.

Man: Since British socialism is a step toward communism, is not our free enterprise system threatened to the extent that it has weakened free enterprise in Britain?

Mr. Crowther: Well, to begin with, I don't agree that British socialism is a step toward communism. I think you can argue it is a step away from communism, because it's reinforcing and strengthening the free processes of democratic government in England. But let's just suppose for a matter of argument that it is a step to communism. Well, so is the New York State insurance law. (*Laughter and applause.*)

Mr. Denny: Thank you. These fast balls are going back and forth here and the moderator's dodging. All right, we'll take the question from the gentleman on the front row of the balcony.

Man: Senator Brewster. Why, under our so-called free enterprise system, was it necessary for our Government to erect the plants to produce the goods that helped win the war?

Senator Brewster: Well, because the demands of our Allies were so enormous that the factories which we had built for our own needs

were not adequate. But it was the free enterprise system which had developed the "know-how" which made possible the building of those factories and the pouring out of the goods. (*Applause.*)

Mr. Denny: Thank you. Is your question for Mr. Koegel?

Man: It is. What is the psychological effect of the socialistic system on the individual as compared to that of the free enterprise system?

Mr. Koegel: Well, I think it's most devastating in the long run, because I think the desire for personal worth, the instinct of acquisitiveness, each is one of the basic motivations of the human race. I think where they are retarded or kept in the background you do a permanent violence to the human being's dignity. (*Applause.*)

Mr. Denny: Thank you. The gentleman down here in the third row. Yes, sir.

Man: My question is for Senator Brewster. Under the free enterprise system, some people receive wealth without giving any labor in return. Is this just and can it endure?

Senator Brewster: The system has developed over 300 years here, and under it there has been demonstrated vastly more comfort for vastly more people than has ever been known under any other system in the history of the world. There are unquestionably inequalities which we are seeking to solve. But when you contrast it with the

utter inequities of any other system, it seems to me that any American must be very proud of what we here have done. (*Applause.*)

Mr. Denny: Thank you. The young man way up in the balcony, Yes, sir?

Man: Mr. Crowther. The German Socialists foolishly aided Hitler in 1933 so as to render the Communists impotent. May not socialism's like actions threaten America with another Hitler?

Mr. Crowther: Well, I don't profess to be much of an expert on Germany history, but my recollection is the opposite of the questioner's—that is, that the German Communists so foolishly aided Hitler in order to disarm the Socialists. But in any case, I think you can be absolutely assured in your mind that nothing of the same sort will happen in Western Europe.

Mr. Denny: Thank you. Did you want to comment on that, Mr. Krueger?

Mr. Krueger: I certainly did. In the Prussian Landtag in Germany, if you want the facts straight, it was the Communists who voted with the Nazis in order to unseat a social democratic government. It's one of these communist sponsored perversions of historical fact—for which you ought to be prepared for a great many more as this presidential campaign wears on—that it was the Social Democrats rather than the Communists who made their alliances with the

Nazis in various parts of Germany

The theory of social fascism was a theory produced by the Communists to indicate to the world that it was the Social Democrats who were the chief enemies of progress not the Fascists. The Communists therefore, in many places supported the Fascists rather than see a social democratic government win out in Germany. The same thing happened in a number of other parts of Europe. You'd better be prepared for the same sort of phenomenon to appear here. (*Applause.*)

Mr. Denny: Thank you. Now the gentleman on the aisle over here.

Man: This question is to the man that I hope will be on the ticket of the Socialist Party this year in the national campaign. How do you think, Professor Krueger—

Mr. Denny: A little politicking going on!

Man: How do you think, Professor Krueger, we can best help the democratic socialist forces in Europe defend liberty and democracy?

Mr. Krueger: My answer to that—recognizing that this is not a convention of the Socialist Party and that this hall does not await any nominations and that I'm not a candidate anyhow—my answer to that is that from the United States we can best increase the probability of the democratic forces in Europe winning out

giving American aid to the European governments all over Western Europe whether they are Socialist led or whether they are led by the center parties of those countries—Western Europe I'm speaking of. I'm speaking of the Marshall Plan and I'm suggesting that the first step we ought to take is to grant this aid in full-bodied form without any of the restrictions, such as those suggested by Mr. Stassen that we give no aid to any country that's fooling around with any kind of collectivist propositions. The Marshall Plan is not the Truman Doctrine. Proceed with the Marshall Plan with full appropriations and without restrictions. (*Applause.*)

Mr. Denny: Thank you. Now the lady over here.

Lady: Senator Brewster, please. Does the free enterprise system give the people more economic stability than socialism and how?

Mr. Denny: Now that's really not on tonight's subject. We're discussing the question, "Is European Socialism a Threat to the Free Enterprise System in America?" Let's have another one. The gentleman in the balcony.

Man: Mr. Crowther. Is socialism the antithesis of the free enterprise system or is it the inevitable goal of free enterprise?

Mr. Crowther: Well, I don't know that I think it's either. I think in any free system you are going to have a certain amount of government control of the econ-

omic environment and a certain amount—I hope a great deal—of free enterprise. I think every free country is developing toward that, some in greater measure than in others. This is the essential question: the European Socialists are people who believe in free government in law and in government by reason and free speech. They have freely chosen to make this experiment. I can't believe that the American people are either so frightened for their own institutions or so intolerant that they're not prepared to allow the experiment to work itself out.

Mr. Denny: Thank you. Now another question for Senator Brewster.

Man: Senator Brewster, would you choose decadent monarchy in preference to labor or socialist governments elected by the people to maintain free enterprise in Europe?

Senator Brewster: I would not. But I would prefer free enterprise in Europe in preference to either the present socialism as practiced in England and as described by Mr. Crowther and Mr. Churchill, or as it is now practiced in Greece under the monarchy. I would prefer American free enterprise which I think we should seek to see re-established as a result of the billions we are contributing. (*Applause.*)

Mr. Denny: Thank you. The gentleman in the back of the balcony, please.

Man: Mr. Krueger. Is it not insanity for American capitalism to lend money to European socialism to eventually destroy us?

Mr. Denny: Well, that is also a leading question.

Mr. Krueger: In the first place, sir, the destruction of American capitalism doesn't destroy most of us. What have you got in American capitalism to start with that you need to be so much worried about its destruction? (*Applause.*) Now the destruction of American democracy is something else again for everyone of us has something basic invested in that—even Senator Brewster; even in Maine.

No, it isn't insanity for American private enterprisers to give economic aid to Europe. I know that it puts them in a dilemma that almost makes schizophrenics out of them. But the question is, are they going to side with democrats even though they are collectivists in Europe, or are they going to side with private enterprisers in Europe even if there aren't any? That is the situation in large parts of Europe today. So it is not nonsense, if American businessmen favor democracy rather than totalitarianism, for them to help give economic aid to the social democratic governments of Western Europe. (*Applause.*)

Mr. Denny: Thank you. The lady here.

Lady: Mr. Crowther, is the United States free enterprise a

threat to socialism in Great Britain? (*Laughter.*)

Mr. Crowther: No, neither one is a threat to the other. I hope that both of them will successfully and profitably co-operate.

Mr. Denny: Thank you. Now the young lady in the gray suit there, yes?

Lady: Senator Brewster. If we are threatened and fear foreign socialism, why are our Senators such as you, voting more money for these countries?

Senator Brewster: Well, I guess you didn't read my record, as I voted against the British loan. (*Applause.*) I will say, however, that I do expect that I may vote for the Marshall Plan as it seems to me there is no other course under our present leadership but to buy the time until we can install in the Administration the intelligence and the integrity to preserve free enterprise. (*Applause and laughter.*)

Mr. Denny: Thank you. Politics rears its lovely head! I'm afraid we can't take those other questions. Now, while our speakers prepare their summaries of tonight's question, here is a special message of interest to you.

Announcer: In connection with Town Meeting's 500th broadcast on March 16th, Town Hall is publishing a 52-page booklet containing a complete listing of 500 Town Meeting programs with subject speakers, and an alphabetical list of all speakers cross-indexed to show

the programs in which each one participated.

Copies will be sent to all former Town Meeting speakers, radio editors, station managers and sponsors. But since each year at about this time we receive so many requests from program chairmen for suggestions for programs and speakers, we have had some additional copies run off for any program chairman or interested listeners who may want them.

If you would like a copy of this 52-page illustrated booklet of the first 500 Town Meeting programs, send your request to Town Hall, New York 18, New York and be sure to enclose \$1.00 to cover the cost of printing and mailing. Ask for the booklet, "500 Hours." The address is Town Hall, New York 18, New York.

Now for the summaries of tonight's discussion, here is Mr. Denny.

Mr. Denny: In place of our summaries tonight we are presenting as our special guest, Mr. Allen Simpson, of 6010 Woodlawn Ave., Chicago, the winner of a Town Meeting contest conducted by Station WENR in Chicago, on the subject, "What Free Speech Means To Me." Strangely enough, Mr. Simpson happens to be an Englishman.

Mr. Simpson, we are glad to have you with us. Our committee of Town Hall trustees must have thought you wrote a very good let-

ter, indeed. May I ask you, sir, how you happened to write it.

Mr. Simpson: Well, Mr. Denny, I was very interested in the subject and I wanted to see what I could say about it in so few words.

Mr. Denny: Yes, sir. You have done it very well. I wonder if you'll read this very brief statement on this very important subject, "Free Speech."

Mr. Simpson: This is what free speech means to me. It means the faith which Milton held. It means the scorn which Jefferson felt for all the tyrannies that had ever stained the human mind. It means a pledge given by the first American Congress to the whole American people. It means the difference between honest doubt and blind infallibility; between the open and the closed mind; between the journey begun and the journey ended. It means the difference between ballots and bullets; between an opposition in Congress and an opposition in jail; between discussion and submission. It means the duty to listen as well as the right to speak. (*Applause.*)

Mr. Denny: Thank you, very much, indeed, Mr. Simpson. Thanks also to our speakers, Senator Brewster, Mr. Crowther, Otto Koegel, and Maynard Krueger for your counsel on tonight's question.

Now, remember, if you want a copy of this discussion, complete with questions and answers, you may obtain it by sending 10 cents to Town Hall, New York 18, New

York, and don't forget to enclose the dime. The address is Town Hall, New York 18, New York.

Next week your Town Meeting celebrates its big 500th broadcast, which will be a reconsideration of the subject we discussed thirteen years ago on our opening program—"Which Way America—Fascism, Communism, Socialism, or Democracy." Our speakers will be Raymond Moley of *Newsweek*; Norman Thomas, Socialist Party Leader; Dr. Leon M. Birkhead,

founder and director of Friends of Democracy; and Martin Ebon, author of the new book, *World Communism Today*.

Now be a Town Crier yourself and use the modern Crier's bell and your telephone. Call your friends and remind them of this important broadcast next week at this time and make your own plans to join with us next Tuesday and evening Tuesday at the sound of the Crier's bell. (*Applause.*)